

AMTAC

American Manufacturing Trade Action Coalition

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June 21, 2012

The Honorable Dave Camp
Chairman
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington D.C. 20515

The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington D.C. 20515

Sent via online form at <https://waysandmeansforms.house.gov/Contact/mtbform.htm>

RE: Opposition to H.R. 5563

Dear Chairman Camp and Ranking Member Levin:

The American Manufacturing Trade Action Coalition (AMTAC) represents U.S. manufacturers of various types of textile and apparel products. On behalf of our members, we are writing to strongly oppose H.R. 5563, a bill to suspend temporarily the duty on boys' knitted or crocheted shirts of man-made fibers, the foregoing not imported as parts of playsuits (provided for in subheading 6105.20.20).

We have several major concerns with this legislation. First, H.R. 5563 covers finished apparel products that compete with products made in U.S. free trade agreement (FTA) partner countries from yarns and fabrics made in the United States. If the U.S. government provides duty-free treatment for garments assembled in non-FTA countries from yarns and fabrics formed outside of the United States, these U.S. manufacturers and their workers will suffer.

More specifically, allowing these garments to enter the United States duty free undermines critical agreements, such as DR-CAFTA and NAFTA, which require garments of this type to be constructed of yarns and fabrics formed in the United States or in one of the other partner countries. U.S. imports claiming DR-CAFTA and NAFTA preferences under subheading 6105.20.20, the harmonized tariff schedule heading under which the subject garments are captured, exceeded \$64 million in 2011.

Allowing duty-free treatment for garments made from yarns and fabrics manufactured in China or India and shipped anywhere in the world for simple assembly puts downward pricing pressure on competing products made by our FTA partners who use U.S. components. This will harm the already weakened U.S. and DR-CAFTA textile and apparel industries.

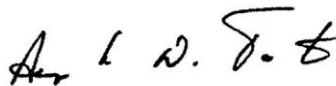
There are major U.S manufacturers of the yarns and fabrics that are used in these types of garments. Specifically, Milliken & Co., based in Spartanburg, SC, manufactures man-made fiber knit fabrics in the United States for knit garments that are assembled in the DR-CAFTA region. In addition, Unifi, based in Greensboro, NC, is a major producer of polyester and nylon yarns, and one of the primary end uses for their yarns is knit fabric that goes into knit garments. Obviously, granting duty-free treatment on knit garments that contain no U.S.-made inputs would undermine these domestic companies and their workers.

Finally, the Miscellaneous Tariff Bill is intended to promote U.S. manufacturing by providing limited tariff relief (up to \$500,000 for any specific product) to domestic U.S. manufacturers who use inputs that are not available from a domestic source. H.R. 5563 grants duty relief to finished goods and would simply increase the profit margins for importers and retailers to the discouragement of domestic manufacturing.

For all these reasons, H.R. 5563 is in our view unacceptable and extremely controversial. We strongly oppose H.R. 5563 and request that it be excluded from any miscellaneous tariff package or any other trade bill considered by the United States House of Representatives.

Thank you for the opportunity to comment on H.R. 5563, and we greatly appreciate your noting our opposition to this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "A. I. N. S. T.", with a stylized flourish at the end.

Augustine Tantillo
Executive Director
AMTAC

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